

Reverse Mortgage

New Jersey Housing and Mortgage Finance Agency



James E. McGreevey
Governor

Susan Bass Levin
Commissioner, DCA

Marge Della Vecchia
Executive Director, HMFA

The New Jersey Housing and Mortgage Finance Agency (HMFA) provides New Jersey residents with homeownership and affordable housing opportunities in order to improve their living conditions and other related quality of life issues.

HMFA is able to accomplish these goals by working closely with state and municipal governments, foundations, and not-for-profit agencies.

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Introduction to Reverse Mortgages

HMFA offers Reverse Mortgages that allow older New Jersey homeowners to access the equity in their homes.

Is a Reverse Mortgage Right For You?

HMFA Reverse Mortgages can benefit seniors who require additional monthly income or access to emergency cash. However, a reverse mortgage may not be appropriate for all seniors. A discussion with a reverse mortgage information professional will help you determine whether an HMFA Reverse Mortgage is right for you.

If you are an older New Jersey homeowner who needs to supplement your income to remain independent an HMFA Reverse Mortgage may be right for you.

What is a Reverse Mortgage?

A reverse mortgage provides senior homeowners access to the equity in their home as a source of income. You always maintain ownership of your home and, as long as you continue to live in your home, no repayment is required. The loan only becomes payable when you no longer occupy the home as your primary residence.

With a reverse mortgage homeowners can choose a lump sum payment or a variety of different annuity payment plans. Annuity payments are based on the borrower’s age and the home’s value.

Plans include:

- > a lump sum plan to pay an unexpected bill, or
- > a monthly annuity plan to supplement Social Security and other retirement income, or
- > a line of credit plan, where you withdraw money when you need it.

These plans are discussed in more detail on page 4.

HMFA’s Reverse Mortgage Program

HMFA offers a Federal Housing Administration (FHA) insured reverse mortgage called the Home Equity Conversion Mortgage (HECM). HMFA’s Reverse Mortgage Program is designed to meet your individual needs through a variety of different annuity plans. An HMFA employee will take your application and help you decide which program is right for you.

The chart on the next page provides details about the HECM mortgage at a glance.

HMFA Reverse Mortgage Key Points	
Purpose:	To provide eligible homeowners with cash, a monthly annuity income, a line of credit, or a combination of the two from the equity in their home.
Eligible Borrowers:	You and your co-borrower must be at least 62 years of age and either own your home free and clear or have a low remaining mortgage balance.
Eligible Properties:	Single family homes, two to four family homes (borrower must reside in one of the units), and HUD approved condominium communities. The property must be the borrower’s principle residence.



HMFA Reverse Mortgage Program Details

	HECM
<p>Application Fee</p> <p>Covers cost of appraisal.</p>	\$265
<p>Origination Fee</p> <p>Paid at time of closing or have option to pay fee from loan proceeds.</p>	\$1,800
<p>Mortgage Insurance</p> <p>Paid from loan proceeds.</p>	Up-front premium of 2% of principal limit amount and annual premiums of 1/2 % per year on outstanding mortgage loan balance.
<p>Closing Costs</p> <p>May be included in the loan.</p>	Includes costs of title search and insurance, survey recording fees, legal fees, the 2% insurance premium, and other normal and reasonable closing expenses.
<p>Servicing Fee</p>	\$30
<p>Principal Limit*</p> <p>Based on the age of the youngest borrower, the expected average mortgage, interest rate, and the maximum claim amount.</p>	Mortgage limits vary according to county of residency. For maximum mortgage amount call 1-800-NJ-HOUSE
<p>Interest Rate</p>	Variable rate. Call HMFA at 1-800-NJ-HOUSE for latest information.
<p>Change in Loan Plan Fee</p>	\$20
<p>Required Information Meeting</p>	Borrower(s) must attend an information meeting required by a HUD certified Housing Information Agency before the loan application is taken.

*The maximum claim amount is set at the lesser of the appraised value of the home or the maximum principal amount allowable for a one family house that can be insured by the FHA.

Reverse Mortgage Program Loan Plan

Tenure: The borrower receives equal monthly payments from the lender for as long as the borrower occupies the property as a principal residence.

Term: The borrower will receive equal monthly payments for a fixed period selected by the borrower.

Line of Credit: The borrower can withdraw the mortgage proceeds as needed, at the times and in the amount of the borrower's choosing, until the line of credit is exhausted.

Modified Term: The borrower may combine a line of credit with monthly payments. In exchange for reduced monthly payments, the borrower will set aside at closing a specified amount for a line of credit, on which he or she can draw until the line of credit is exhausted.

Modified Tenure: Monthly payments for as long as the borrower occupies the home plus a line of credit.

Lump Sum Disbursement: Borrower takes all funds in one loan disbursement.

HMFA Reverse Mortgage Program Interest Rates

The interest rate for the basic, annually adjustable HECM is tied to an index established by the FHA. The rate cannot increase more than 5% over the life of the loan and cannot increase by more than 2% in any year. Other terms apply if you choose a monthly adjustable rate plan.

Application Process	
Step 1:	Attend a free information session with a certified HUD counselor in your area. (See list on pages 10-12)
Step 2:	Receive a "Certificate" upon completion of the information session. (This certificate is required before a loan application can be taken.)
Step 3:	Call 1-800-NJ-HOUSE to speak with an HMFA representative.
Step 4:	An HMFA representative will meet with you and take your loan application. (\$265 due at this time to cover cost of appraisal and credit report.)

Frequently Asked Questions

Why must I attend an information meeting?

The information session is designed for your benefit and safety by providing you with the information you need to become an informed consumer. These information meetings focus on the different types of reverse mortgages available, the suitability of a reverse mortgage, and the alternatives to a reverse mortgage.

Can I change my loan plan?

The loan plan permits you to change from one payment option to another at any time without incurring new loan origination fees or closing costs. The only cost is an administrative charge of \$20. With this flexibility you can reshape your payments as your circumstances change.



What interest rates are available?

Interest charged on the loan balance is at an adjustable rate. An adjustable interest reverse mortgage pegs the interest rate to an index. The interest you pay varies according to that index. You can choose to have your interest adjusted either monthly or yearly.

Who pays the taxes and insurance?

You can choose either of two options:

- > You can request the loan servicer to pay real estate taxes and insurance from the loan proceeds, or
- > You can choose to pay real estate taxes and insurance on your own.

Does the program affect my Social Security, Medicare, Supplemental Security Income (SSI), or Medicaid benefits?

The payments you receive from HMFA's Reverse Mortgage Program will not affect your Social Security or Medicare eligibility benefits because these programs are not based on need. However, if you receive Supplemental Security Income (SSI) or Medicaid benefits, both of which are based on need, these benefits may be affected by reverse mortgage payments. For this reason, you must consult the local offices for SSI, Medicaid, and other programs from which you receive benefits to determine if reverse mortgage payments would affect your particular situation.

Do I have to use all of the equity in my home? (Equity Conservation)

No. Equity Conservation allows you to allocate only a portion of the value of the home to the reverse mortgage program. This is attractive when the homeowner does not currently need the maximum payment the lender is able to offer, or when he/she wants to ensure remaining equity for heirs or for future expenses.

Can I be forced to sell or vacate the home?

No! You will not be forced to sell or leave your home, unless you do not reside in the home as your principal residence for any period of more than 12 months.

How is the loan paid back?

A mortgage becomes due and payable when:

- > The borrower no longer occupies the property as his or her principal residence.
- > The borrower does not occupy the property for 12 months for health reasons.
- > The borrower(s) is/are deceased.

How does an HMFA Reverse Mortgage differ from a home equity loan?

The major difference is that with traditional "home equity loans" and "home equity lines of credit" you must make regular monthly payments, which means that you must have a monthly income to qualify. A reverse mortgage, however, is easier to qualify for and you never make a payment as long as you reside in the home.



Will my heirs inherit any debts if I get an HMFA Reverse Mortgage?

No debt will ever be passed along to the estate or your heirs.

Upon your death, the loan balance (monthly payments plus accrued interest) becomes due and payable. Your estate or heirs may repay the loan by:

- > Selling the home. Any remaining equity after the sale of the home goes to your heirs, or the estate;
- > Paying off the loan, either with a conventional mortgage, or through other means, if they wish to keep the house.

If the loan exceeds the value of the property, no payment above the value of the property will be required.

What if I decide to sell my home?

If you choose to sell your home, the outstanding loan balance becomes due and payable at the time of sale. You will receive any proceeds exceeding the loan balance.

What if I change my mind?

The HMFA Reverse Mortgage Program permits the borrower a three-day “right of rescission” (cancellation of the contract without penalty).

How do I apply for an HMFA Reverse Mortgage?

Interested homeowners should follow the easy application process outlined on page 5. If you have any questions you may also contact HMFA toll-free at **1-800-NJ-HOUSE**.



HUD Certified Reverse Mortgage
Information Agencies in
New Jersey

Atlantic County
Atlantic Human Resources,
Incorporated

1 S New York Ave Ste 303
Atlantic City, NJ 08401-8012
609-348-4131

**Family service association/
consumer credit counseling
services of south jersey**
3073 English Creek Avenue Ste 3
Egg Harbor TWP, NJ 08234-
609-569-0239
800-473-2227
www.cccssj.org

**Family Service Association/
consumer Credit Counseling
Services Of South Jersey**
1 S. New York Avenue
Atlantic City, NJ 08401-
609-569-0239
800-473-2227
www.cccssj.org

**Family Service/consumer Credit
Counseling Service**
312 E White Horse Pike
Absecon, NJ 08201
800-473-2227
800-473-2227
www.aclink.crg.fsa.htm

Bergen County
Bergen County Department of
Human Services
Division of Senior Services
One Bergen County Plaza
2nd Floor
Hackensack, NJ
201-336-7474

**Fair Housing Council Of Northern
New Jersey**
131 Main St, Suite 140
Hackensack, NJ 07601-7140
201-489-3552
www.fairhousing.com/fhcnnj

New Jersey Citizen Action
400 Main St
Hackensack, NJ 07601-5903
800-656-9637
www.njcitizenaction.org

Urban League For Bergen County
106 W Palisade Ave
Englewood, NJ 07631-2619
201-568-4988
Website: www.urbanleaguebc.org

Burlington County
Burlington County Community
Action Program
Dickens Comm. Service Center
One Van Sciver Parkway
Willingboro, NJ 08046
609-835-4329

Camden County
Center For Family Services
584 Benson Street
Camden, NJ 08103
856-964-9508
www.centerffs.org

**Consumer Credit And Budget
Counseling**
299 S. Shore Road, Route 9 South
Marmora, NJ 082230866
888-738-8233

**Consumer Credit Counseling
Services Of Central New Jersey**
16 Mill Street
Mount Holly, NJ 08060-
888-379-0605

**Consumer Credit Counseling
Service Of Delaware Valley, Cherry
Hill Branch**
One Cherry Hill Suite 215
Cherry Hill, NJ 08002-
856-482-9644
800-989-2227
www.cccsdv.org

**Family Service Association/
consumer Credit Counseling
Services Of South Jersey**
150 S. WHP, Hudson Savings Bank

Berlin, NJ
609-569-0239
800-473-2227
www.cccssj.org

**Jersey Counseling And Housing
Development, Incorporated**
29 S Black Horse Pike
Blackwood, NJ 08012-2952
856-227-3683

**Jersey Counseling And Housing
Development, Incorporated**
1840 S Broadway
Camden, NJ 08104-1334
856-541-1000

**Neighborhood Housing Services Of
Camden, Incorporated**
601 Clinton St
Camden, NJ 08103-1415
856-541-0720

New Jersey Citizen Action
433 Market Street, Suite 201
Camden, NJ 08102-1210
800-656-9637
www.njcitizenaction.org

New Jersey Citizen Acton
556 Haddon Ave
Collingswood, NJ 08108-1444
800-656-9637
www.njcitizenaction.org

**Senior Citizens United Community
Services Of Camden County,
Incorporated**
146 Black Horse Pike
Mount Ephraim, NJ 08059-2007
856-456-1121
<http://community.nj.com/cc/scucs>

Cape May County
**Family Services Association/
consumer Credit Counseling
Service**
1 N. Main St.
Cape May Court House, NJ 08210-
800-473-2227
www.cccsj.org

**Cumberland County
Family Services Association/
consumer Credit Counseling
Service**

744 E Landis Ave
Vineland, NJ 08360-8017
800-473-2227
www.cccssj.org

**Tri-county Community Action
Agency**

110 Cohansey St.
Bridgeton, NJ 08302
856-453-0803

**Essex County
New Dimensions Community
Development Corporation**

10 South Oraton Parkway
East Orange, NJ 07017
973-399-0410

New Jersey Citizen Action

432 Lafayette St
Newark, NJ 07105-2704
800-656-9637
www.njcitizenaction.org

New Jersey Citizen Action

336 Oakwood Ave
Orange, NJ 07050-3223
800-656-9637
www.njcitizenaction.org

New Jersey Citizen Action

24 Commerce Street, Suite 504
Newark, NJ 07104-2106
800-656-9637
www.njcitizenaction.org

**St. James Community Development
Corporation**

402 Broad Street
Newark, NJ 07104
973-482-5700

**Gloucester County
Family Service Association/
consumer Credit Counseling
Services Of South Jersey**

5581 Route 42, Plaza Office Center
Unit #6

Turnersville, NJ 08012-
609-569-0239
800-473-2227
www.cccssj.org

**Family Service Association/
consumer Credit Counseling
Services Of South Jersey**

1675 Clemens Bridge Road,
First Union Bank
Deptford, NJ 08096-
609-569-0239
800-473-2227
www.cccssj.org

New Jersey Citizen Action

1 Municipal Plaza
Asbury Park, NJ 07712
800-656-9637
800-656-9637
www.njcitizenaction.org

**Hudson County
Acorn housing corporation**

574 Newark Ave., Ste. 205
Jersey City, NJ 07306-4307
201-222-7741

New Jersey Citizen Action

583 Newark Ave. 2nd Floor
Jersey City, NJ 07306-4551
800-656-9637
www.njcitizenaction.org

**Mercer County
Catholic Charities, Trenton, Nj**

3803 W. State Street
Trenton, NJ 08618
856-764-6945

**Consumer Credit Counseling
Services Of Central New Jersey**

2300 Hamilton Ave.
Trenton, NJ 08619-
888-379-0604

**Consumer Credit Counseling
Services Of Central New Jersey,
Division Of Family Guidance**

253 Nassau Street
Princeton, NJ 08540-
609-924-2896

888-379-0604
www.cccscentralnj.com

Isles, Incorporated

10 Wood St
Trenton, NJ 08618-3921
609-393-5656

**Mercer County Hispanic
Association**

200 E. State Street, Second Floor
P.O. Box 1331
Trenton, NJ 08607
609-392-2446

New Jersey Citizen Action

130 Parkway Ave
Trenton, NJ 08618-3010
800-656-9637
www.njcitizenaction.org

**Middlesex County
Faith Fellowship Community
Development Corp.**

2707 Main Street
Sayerville, NJ 08872
732-727-9500

**Housing Coalition Of Central
Jersey**

100 Bayard Street, Third Floor
New Brunswick, NJ 08901-2502
732-249-9700

New Jersey Citizen Action

85 Raritan Ave Ste 100
Highland Park, NJ 08904
800-656-9637\
www.njcitizenaction.org

New Jersey Citizen Action

280 McClellan St
Perth Amboy, NJ 08861-4320
800-656-9637
www.njcitizenaction.org

**Monmouth County
Affordable Homes of Millville
Ecumenical**

518 N. High Street
Millville, NJ 08332
856-293-0100

Check Mate Incorporated

550 Cookman Ave
Asbury Park, NJ 07712-7120
732-774-3100

Consumer Credit And Budget Counseling

299 S. Shore Road, Route 9 South
Marmora, NJ 082230866
888-738-8233

Garden State Consumer Credit Counseling, Inc.

225 Willowbrook Road
Freehold, NJ 07728
732-409-6281
800-772-4557

Monmouth County Division of Social Services

Kozloski Road
Freehold, NJ 07728
732-845-2071

Monmouth Housing Alliance

59 Broad Street
Eatontown, NJ 07724-
732-389-2958

New Jersey Citizen Action

1 Municipal Plaza
Asbury Park, NJ 07712
800-656-9637
www.njcitizenaction.org

New Jersey Citizen Action

213 Broadway
Long Branch, NJ 07740-7005
800-656-9637
www.njcitizenaction.org

Morris County**Catholic Charities Of The Diocese Of Metuchen**

540-550 Route 22 East
Bridgewater, NJ 08807
908-722-1881

Housing Partnership For Morris County

2 E. Blackwell St. Ste 12
Dover, NJ 07801
973-659-9222
www.housingpartnershipmorris.org

Ocean County**New Jersey Citizen Action**

1613 Beaver Dam Road, Suite 1
Point Pleasant, NJ 08742
800-656-9637
www.njcitizenaction.org

Ocean Community Economic Action Now, Incorporated

10 Washington Street
Toms River, NJ 08723-
732-244-5333

Passaic County**New Jersey Citizen Action**

90 Martin St
Paterson, NJ 07501-3622
800-656-9637
www.njcitizenaction.org

New Jersey Citizen Action

128 Market St.
Passaic, NJ 07055
800-656-9637
www.njcitizenaction.org

Paterson Coalition For Housing, Incorporated

2 Broadway, Basement
Paterson, NJ 07505-1704
973-742-8005

Paterson Housing Authority

60 Van Houten Street
Paterson, NJ 07505-
973-345-5085

Paterson Task Force For Community Action, Incorporated

155 Ellison St
Paterson, NJ 07505-1304
973-279-2333

Somerset County**Catholic Charities, Patterson, Nj**

24 Degrasse Street
Paterson, NJ 07505-
973-279-7100

Somerset County Coalition On Affordable Housing

600 First Avenue, Suite 3
Raritan, NJ 08869
908-704-8901
www.sccoah.org

Union County**Urban League Of Union County**

288 N Broad St
Elizabeth, NJ 07208-3789
908-351-7200

Warren County**North West New Jersey Community Action Program**

350 Marshall St.
Phillipsburg, NJ 08865
908-454-7000
888-454-4778

Additional Resources

For more information on home equity conversion options or other options for elderly homeowners, contact:

American Bar Association on Legal Problems for the Elderly
1800 M Street, NW
Washington, DC 20036
(202) 331-2297
Publishes an attorney's guide to home equity conversion.

American Association of Retired Persons (AARP)
Home Equity Information Center
Consumer Affairs Division
601 E Street, N.W.
Washington, DC 20049
(202) 434-2277
Provides consumer information to members on a wide variety of products and services aimed at the older consumer.

National Association of Area Agencies on Aging
1112 16th Street, NW
Washington, DC 20036
(202) 296-8130
Maintains an "Eldercare Locator Number," a toll-free number for information about public programs for older Americans. Call 1-800-677-1116.

National Center for Home Equity Conversion
7343 147th Street West, Suite 115
Apple Valley, MN 55124
(612) 953-4474
Clearinghouse for information on home equity conversion. Publications are available.

Program details and loan availability are subject to change at any time.
For complete loan terms and conditions, contact HMFA at 1-800-NJ-HOUSE.



**Equal
Housing
Lender**

Reverse Mortgage



*Richard J. Codey
Acting Governor*



*Susan Bass Levin
Commissioner, DCA*

